

# South Carolina Board of Economic Advisors

## Statement of Estimated State Revenue Impact

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**Date:** May 7, 2007

**Bill Number:** H.B. 3859

**Authors:** Toole, Witherspoon; Duncan; Huggins, *et. al.*

**Committee Requesting Impact:** House Ways & Means Committee

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### Bill Summary

A bill to amend Section 12-28-710, of the Code of Laws of South Carolina, 1976, relating to exemptions from the user fee on motor fuels, so as to exempt diesel fuel used by a farm truck in spreading manure in poultry raising operations.

### REVENUE IMPACT <sup>1/</sup>

This bill would reduce motor fuel user fee revenue by an estimated \$20,000 in FY2007-08.

### Explanation

This bill would amend Section 12-28-710(15) to exempt diesel fuel used by a truck licensed as a "farm truck" which is used in spreading manure in poultry raising operations from the motor fuel user fee. The farm vehicle must be used exclusively in farm operations and may not be driven upon the public roads, streets, or highways of this State. Currently, a user fee of sixteen cents a gallon is imposed on all diesel fuel that is used or consumed in this State for use in a motor vehicle. This bill would allow for a retroactive claim of a refund pursuant to Section 12-28-790 for diesel fuel purchased prior to implementation of this exemption. The claim for a refund, including interest, may be filed up to three years after the date the motor fuel subject to the user fee was purchased. Based on information from the Department of Revenue and the Department of Motor Vehicles, this bill is expected to reduce motor fuel user fee revenue by an estimated \$20,000 in FY2007-08.

/s/ WILLIAM C. GILLESPIE, PH.D.

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Chief Economist

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<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.